A5900-1 1/12/83

CONDITIONS IN THE WOMEN'S GARMENT INDUSTRY

JANUARY 5, 1983

Economic Background

The economy continued on a downward course in 1982, despite minor upward blips in GNP in two quarters, and there were no indications as the year ended that 1983 would witness an effective turnaround. Utilization of manufacturing capacity was down to 67.8 percent in November, the lowest this important indicator has been since 1948 when record keeping began, and in some crucial industries was even lower. Unemployment reached record levels, surpassed only by the depression year of 1940. Business failures were expected to exceed 25,000 companies for the year and Dun and Bradstreet's failure rate was rapidly approaching the failure rate in 1933.

Real gross national product -- the output of goods and services adjusted for price increases -- declined 1.3 percent in the first quarter of 1982. Personal consumption expenditures rose by 0.6 percent, the largest element in the increase being durable goods purchases and resulting from the renewal of massive automobile rebates in the last month of the quarter. Fixed investment was down for the sixth successive quarter and industrial production declined by 3.1 percent over the prior quarter.

Non-agricultural employment fell by an additional 546,000, with production workers in manufacturing accounting for 80 percent of the drop. Unemployment rose to 8.8 percent, reflecting the price being exacted by the Reagan Administration for the decline in the rate of increase in the Consumer Price Index. The CPI was up by 0.8 percent, considerably lower than in the prior quarter. Retail sales were up slightly in real terms, while the prime interest rate rose three-fourths of one percent to 16.5 percent.

GNP in real terms went up by a slight 0.5 percent in the second quarter, most of it being accounted for by the decline in the rate of inventory liquidation. Personal consumption outlays rose by a small amount. Fixed investment, however, continued to fall, declining by a further 1.9 percent in the quarter. Fixed investment in plant and equipment was particularly hard hit, dropping by 4.6 percent,and capacity utilization in manufacturing sagged to 70.3 percent.

Retail sales were up 1.6 percent in real terms over an essentially flat first quarter, almost all of it in durable goods as rebate programs were extended by manufacturers of automobiles and other durables. Industrial production continued to decline, dropping by a further 1.7 percent in the quarter and was 8.6 percent below that of the comparable quarter of 1981. Manufacturing employment dropped by an additional 2.3 percent or by more than 300,000 workers in the quarter. The unemployment rate rose to 9.5 percent. The CPI continued to edge up at a slower pace and the year-to-year increase was down to 6.6 percent. The prime interest rate remained at 16.5 percent.

Third quarter real GNP was also essentially flat with respect to the prior quarter, rising by 0.2 percent. An increase in inventories -- reflecting weakness rather than strength -- accounted for the minute rise in GNP for the three-month period. To correct this excess, production was expected to be cut in ensuing months and lay-offs increased.

Personal consumption was up very slightly in the third quarter, the result of a small rise in non-durable purchases and a larger increase in services. Durable goods consumption declined by 1.2 percent. Fixed investment continued to drop in all non-residential categories and rose very slightly in fixed residential investment.

Retail sales in the third quarter dropped by 1.8 percent in real terms, more than wiping out the second quarter increase. The entire decline was in durable goods purchases, while non-durables were up by a miniscule amount. Industrial production was off by 0.9 percent bringing the year-to-year decline to 9.7 percent.

Employment of manufacturing workers dropped by an additional 310,000 or 2.4 percent and was 10.5 percent below the same quarter in 1981. Unemployment rose to 9.9 percent. The year-to-year rise in the CPI was 5.8 percent as the rate of increase continued to moderate. With the economy worsening, the prime rate began to drop, falling by 3 percentage points to 13.5 percent, still very high in a recessionary period, by the end of September.

Scattered and incomplete data for the fourth quarter indicate a continuation of earlier trends. The Commerce Department in its "flash" estimate for the fourth quarter has suggested that real GNP will be down significantly. If this forecast, which is subject to revision, holds up, the decline in GNP for the year will be the largest in more than three decades. Industrial production dropped in October by 0.8 percent and by an additional 0.4 percent in November and manufacturing production was off by larger amounts. The November decline in industrial production was the 14th in the last 16 months. Since July, 1981, it had dropped by almost 12 percent.

Factory utilization rates were, respectively, 68.3 percent and 67.8 percent in October and November and, along with industrial production, were expected to fall still further in December. Unemployment, as a result, rose to 10.4 percent in October and to 10.8 percent in November, the highest rate since 1940, and a further increase to over 11.0 percent was anticipated for December. A year-to-year comparison shows that employment of production workers in manufacturing was 10.9 percent lower in November than in the same month of the prior year, a month in which most of the important indicators had shown important declines.

It is, therefore, not surprising that the CPI continued to moderate and even turn down a bit. In the year ending October, the CPI rose by 5.1 percent and the

yearly increase as of November was 4.6 percent. An absolute decline in November of 0.2 percent (on a seasonally adjusted basis, CPI was up 0.1 percent) reflected a decrease in price levels of two of the important components of the CPI, housing and mortgage interest. These declines, however, also reflected the ongoing weakness of the economy.

The 0.5 percent rise in personal income in October and 0.4 percent in November came principally from an increase in unemployment and Social Security benefits, according to the U. S. Department of Commerce. This indicator was only somewhat higher than the rise in prices, also testifying to the economy's problems. The lack of effective growth in real personal income provided little encouragement to those who believe a recovery in the course of 1983 would have to be based on increased consumer purchases.

A sharp 26.5 percent rise in housing starts on a seasonally adjusted basis in November led to expectations in some quarters that a recovery may have begun in that sick industry. However, the jump may have been related to unexpectedly warm weather and a decline in home loan rates by almost 3 percent since the summer. It remains to be seen whether the rate will be sustained.

Retail sales were up in real dollars in October and more sharply in November, most of it coming from sales of overstocked 1982 model cars at below market interest rates. There is no indication that this pace will be maintained once the 1982 model year inventory is substantially decreased. Retail sales were sluggish in December and did not live up to hoped-for seasonal gains. The prime rate fell to 11.5 percent as the Federal Reserve Board dropped the discount rate further. However, banks seemed reluctant to drop the prime in line with lower discount rates, apparently concerned with improving their liquidity.

Retail Sales

As 1982 drew to a close, it became apparent that the nation's retailers had endured one of the worst years in recent history. Overall retail sales in the first 11 months of the year were ahead by only 2.5 percent, the smallest gain in over 20 years. While recessionary pressures kept prices of goods from rising as rapidly as in past years, they did move up by 4.0 percent. As a result, real retail sales were down by 1.5 percent.

Durable goods continued to present major problems. Despite the declines in interest rates and the continued rebate programs, sales of durable goods were ahead by only 0.1 percent through November. After allowing for price increases, the real volume of durables was down by 5.3 percent. Non-durables, in contrast, rose by 3.4 percent in this period, but only by 0.6 percent after adjustment for price increases. The tempo of sales largely depended upon location, particularly in case of such large ticket items as autos and appliances. Sales were below the national average in those areas most hard hit by unemployment -- the West, New England, and parts of the Midwest.

Women's and children's wear was not immune to the recessionary developments, but managed to outpace other retail sectors in 1982 as in 1981. In the first 10 months of 1982, retail volume in female apparel was up 4.3 percent. Because of the many promotions by stores to bolster traffic and move goods, prices in 1982 were up only 1.5 percent and real volume was up 2.8 percent. While the gain was smaller than last year and suffers by comparison with many earlier years, it

RETAIL SALES OF WOMEN'S AND CHILDREN'S CLOTHING AND ACCESSORIES* BY TYPE OF OUTLET
(in millions of dollars)

Period	Total Sales	Department Stores	Women's Ready-to-wear Stores	Family Clothing Stores	Other Retail Outlets
1966	$18,112	$ 7,763	$ 5,831	$ 1,308	$ 3,210
1972	25,021	11,112	8,082	2,064	3,763
1973	27,972	12,308	9,336	2,502	3,826
1974	29,617	12,761	9,910	2,735	4,211
1975	31,683	13,451	10,926	2,933	4,373
1976	34,298	14,670	11,840	3,207	4,581
1977	36,527	16,251	11,925	3,472	4,879
1978	40,753	17,846	13,775	3,551	5,581
1979	43,353	19,191	14,398	3,730	6,034
1980	45,541	20,193	14,565	4,342	6,441
1981	50,130	22,300	15,797	4,851	7,182
Jan-Oct'81	38,082	16,677	12,266	3,683	5,456
Jan-Oct'82	39,590	17,382	12,933	3,686	5,589

* Data include traditional products of the women's garment industry as well as millinery, furs, hosiery, gloves and other accessories
SOURCE: ILGWU Research Department (benchmarked to 1967, 1972 and 1977 Census of Business)

compares favorably with other retail sectors, especially in the light of the economic distress prevailing in the nation.

Numerous cross-currents affected women's and children's wear sales in 1982. Perverse weather -- a cool, rainy summer followed by a warm fall -- disrupted sales of seasonal goods. The back-to-school business, which often makes or breaks the year in children's wear and teen apparel, fell flat. Retailers jettisoned normal merchandising schedules and ran sales before, during and after virtually every season. Manufacturers were pressured to provide goods at promotional prices. Goods on hand were given dramatic markdowns in an effort to keep stocks lean. While the easing of interest rates helped stores to maintain stocks at less prohibitive cost than before, caution remained the theme. Discount stores, factory outlets and other sources for off-price merchandise seemed to do better than their more traditional competitors.

The jury is still out on the success of the year's windup -- the Christmas season -- but preliminary signs are that many retailers will be disappointed. The economic malaise still pervades. Consumers appear to be looking rather than spending freely. Caution about the future has begun to affect sectors and areas not previously affected by the recession.

Apparel once again, however, seems to be hurt less than others. The onset of wintery weather has brought some life to sales of cold weather apparel. Consumers

searching for gifts seem to be avoiding the exotic and impractical and snapping up the good value being offered in such practical items as apparel. But, at best, these positive influences are likely to do no more than help retail sales of women's wear hold their own or show a small advance. The major disappointment for our industry, of course, is the fact that so much of the merchandise on retailer counters is imported, rather than made by American workers.

For many years, department stores managed to chalk up larger gains than other sellers of female apparel. This year the pattern has changed. Women's ready-to-wear stores are in the lead. Many of these outlets are of the discount type and are benefiting from consumer bargain hunting. Department stores showed the next largest gain, followed by "other outlets". Family clothing stores, on the other hand, showed no improvement over 1981.

Production of Women's and Children's Wear

A combination of sluggish retail sales and rising imports brought about a substantial drop in the output of women's and children's apparel in 1982. Data for the first 10 months of the year showed a decline of 11.2 percent in the physical volume of output over the same months of 1981. At the present pace, 1982 production will be 17.6 percent below the level in 1977 and 20.7 percent below the 1966 level.

Physical Volume of Output
Women's and Children's Apparel Industry
(expressed in 1967 values)

Period	Physical Volume of Output (in millions)
1966	$9,065
1972	$8,729
1973	$8,684
1974	$8,363
1975	$8,335
1976	$8,451
1977	$8,730
1978	$8,515
1979	$8,337
1980	$8,125
1981	$8,098
Jan. - Oct. 1981	$6,843
Jan. - Oct. 1982	$6,077

Source: U.S. Bureau of the Census and ILGWU Research Department

Monthly details on garment production in 1982, traditionally collected and published by the Bureau of the Census, are not available. The regular monthly survey on production of key items of women's outerwear (and that for men's wear as well) was discontinued by the Bureau at the end of 1981 as a result of the budget-cutting

axe wielded by the Reagan Administration. The lack of data severely hampers the ability to gauge industry developments and may be harmful to efforts to keep imports under control.

Opponents of import controls have gone to court charging, among other things, that the lack of production data makes it impossible to contend that any imports are disrupting the market. As of this writing, there are plans to restore the monthly reports beginning with the January 1983 data and to speed up collection and release of the annual data for 1982.

Non-quantified information from trade and other sources indicates that output of specific items of women's and children's wear were down across the board in 1982.

IMPORTS

Apparel imports seem to have reached a new high in 1982, a most remarkable and disturbing achievement considering the domestic recession and the hesitant buying patterns of consumers and retailers. This is in sharp contrast to the severe setback suffered by the domestic industry. In the first ten months of 1982, imports of women's and children's wear made of cotton, wool and man-made fibers (measured in terms of equivalent square yards of material used in their manufacture) rose 4.7 percent over the equivalent 1981 period.

Several times during the year imports in a single month declined and hopes were raised that perhaps the import flood was abating, if only temporarily. But the promise was short lived. The next month imports rose anew. If the pace of the first 10 months continues for the rest of the year, imports of women's and children's wear will have risen nearly 30 percent in the last five years, while domestic output will have fallen by 18 percent.

In 1981 and in the early part of 1982, overall imports of knit garments, expressed in square yards, were losing ground to those of woven fabric. This pattern has now reversed. In the first 10 months of 1982, knit garments were ahead 4.8 percent while wovens were up 4.5 percent. The revival in knit imports was due almost entirely to a spurt of 38.8 percent in cotton knit garments. Wool knits were down by 24.0 percent, while man-made fiber knit garments were up only 1.3 percent. In the case of woven women's and children's wear, cotton garments were down by 2.6 percent, while wool and man-made fiber wovens were each ahead 12.5 percent. Combining data for knits and wovens, the total for cotton garments was ahead 4.8 percent, man-made fiber apparel was up 5.6 percent, while the wool total was down by 13.1 percent.

The average unit value of women's and children's wear imports, measured in the foreign country, rose only 1.7 percent in the first 10 months of 1982, a significant slowing down from the 10.0 percent advance that took place in 1981. This reflects both the recessionary pressures as well as the larger share of the market taken over by apparel imports from China and other countries where lower wages permit lower garment prices.

Import gains took place through October 1982 in 15 out of the 21 major products for which data are tabulated. Imports of sweaters, blouses, slacks and shorts and skirts were up 5 to 8 percent while those of playsuits, knit shirts, coats and jackets and coveralls were up 10 to 19 percent. Gains of 20 to 30 percent took place in imports of nightwear, dressing gowns, underwear and swimwear. The largest gains -- 48 to 55 percent -- were chalked up by judo and karate wear, suits and bodywear. The remaining

IMPORTS OF SELECTED WOMEN'S AND CHILDREN'S GARMENTS
(in thousands of units)

Product	Year 1976	Year 1977	Year 1978	Year 1979	Year 1980	Year 1981	Jan-Oct 1981	Jan-Oct 1982
Coat & jackets, cotton	6,676	7,586	8,656	8,392	14,580	19,706	17,876	16,597
" " " wool	817	1,335	2,294	1,936	2,259	2,300	2,137	2,045
" " " synthetic	19,534	23,760	25,746	22,274	26,017	30,071	25,265	32,174
TOTAL	27,027	32,681	36,696	32,602	42,857	52,077	45,277	50,816
Suits, wool	580	547	414	445	344	654	618	945
" synthetic	3,216	2,826	3,085	1,725	1,370	2,112	1,499	2,296
TOTAL	3,796	3,373	3,499	2,169	1,715	2,766	2,117	3,241
Dresses, cotton	6,412	5,854	6,534	4,832	8,413	9,396	8,212	8,441
" wool	586	761	635	496	1,013	1,109	986	352
" synthetic	12,276	10,194	12,840	11,860	13,884	15,839	13,376	11,663
" silk (non-ornamented)	91	230	463	990	1,143	1,697	1,362	1,315
TOTAL	19,365	17,039	20,472	18,178	24,453	28,041	23,936	21,770
Blouses, cotton	59,602	64,750	107,284	126,743	107,475	118,007	103,453	111,534
" wool	1,987	7,712	7,631	6,450	6,603	7,968	7,068	4,565
" synthetic	80,774	75,395	90,246	89,169	93,214	96,686	84,697	92,007
" silk (non-ornamented)	624	1,732	3,543	3,806	3,668	5,402	4,284	3,743
TOTAL	142,987	147,589	208,705	226,168	210,960	228,064	199,503	211,850
Knit shirts (a), cotton	60,632	63,743	66,294	58,774	51,421	47,488	37,855	45,959
" " synthetic	159,342	157,434	156,507	123,630	116,788	126,803	103,604	111,733
TOTAL	219,974	221,177	222,801	182,404	168,209	174,290	141,459	157,692
Sweaters (b), cotton	5,025	2,905	4,086	5,485	6,115	5,651	3,780	6,593
" wool	21,826	30,133	22,825	19,910	30,659	27,519	24,753	27,132
" synthetic	114,946	109,461	113,583	94,846	112,384	112,541	104,225	102,298
TOTAL	141,824	142,609	141,053	120,747	149,879	148,968	134,575	141,546
Skirts, cotton	6,065	5,109	7,275	8,469	9,955	14,327	12,462	13,154
" wool	613	902	1,488	1,626	1,298	1,287	1,191	1,389
" synthetic	2,678	1,840	3,633	4,040	3,522	5,945	4,941	5,566
TOTAL	9,356	7,851	12,397	14,135	14,774	21,559	18,595	20,108
Slacks & shorts, cotton	59,513	77,314	94,794	86,368	97,843	106,626	91,682	81,791
" " " wool	667	777	1,173	745	959	1,348	1,140	1,363
" " " synthetic	72,242	61,276	75,992	66,431	68,584	75,475	63,747	84,540
TOTAL (c)	132,481	139,505	172,322	153,869	168,035	184,530	157,353	168,395
Playsuits, cotton	9,755	11,981	11,659	12,292	18,114	21,230	16,630	19,199
" synthetic	8,403	8,554	9,206	7,839	8,382	7,911	5,978	5,676
TOTAL	18,158	20,535	20,865	20,132	26,496	29,141	22,607	24,875
Raincoats (b), cotton	2,387	2,465	3,888	4,029	2,331	1,995	1,675	1,735
" synthetic	6,130	4,764	6,030	5,542	4,365	4,764	4,037	3,971
TOTAL	8,517	7,229	9,918	9,572	6,696	6,759	5,712	5,707
Dressing gowns & robes, cotton	1,404	1,900	1,838	1,005	1,814	2,487	1,917	2,862
" " " " wool	2	10	18	5	82	7	6	4
" " " " synthetic	851	936	1,302	1,695	1,555	2,046	1,803	1,642
TOTAL (c)	2,265	2,856	3,172	2,712	3,469	4,572	3,747	4,535
Nightwear & pajamas, cotton	4,787	6,368	7,172	6,369	6,652	10,678	9,468	9,977
" " " synthetic	1,682	1,519	2,140	1,848	1,873	2,735	2,058	3,893
TOTAL (c)	6,472	7,889	9,313	8,221	8,534	13,423	11,536	13,890
Underwear, cotton	3,917	6,731	12,627	15,971	19,177	28,368	21,294	33,995
" wool	85	152	257	204	266	227	161	206
" synthetic	18,306	22,680	22,584	23,490	33,960	40,693	33,622	32,814
TOTAL (c)	22,330	29,642	35,728	39,739	53,466	69,502	55,205	70,020
Brassieres, cotton	7,840	4,407	2,278	2,223	1,619	1,178	919	1,032
" synthetic	97,175	109,678	126,091	131,508	142,529	150,922	124,644	114,613
TOTAL	105,015	114,085	128,369	133,731	144,148	152,100	125,563	115,645
Girdles & corsets, cotton	59	45	4	14	5	54	36	20
" " " synthetic	2,708	3,185	4,333	5,041	6,830	7,752	6,471	6,058
TOTAL	2,767	3,230	4,337	5,055	6,835	7,806	6,507	6,078
Infants' sets (d), cotton & synthetic	N.A.	28,205	31,798	31,761	35,947	36,634	30,297	29,533
Swimwear, synthetic	9,362	9,877	14,025	13,865	11,379	8,059	5,881	7,630
Tops & vests, cotton & synthetic	22,000	10,441	11,730	13,346	17,399	16,636	13,887	8,704
Body suits & shirts, synthetic	1,578	1,063	3,577	3,109	730	1,564	1,408	2,183
Coveralls (e), synthetic	1,098	1,237	1,275	746	737	812	679	806
Judo/karate suits, cotton & synthetic	93	75	128	96	184	190	151	223

(a) Excludes knit tops
(b) Men's, women's and children's
(c) Includes garments of silk and other fibers not shown separately
(d) Up to and including 2 years of age
(e) Includes overalls and jumpsuits

SOURCE: U.S. Bureau of the Census (imports for consumption)

N.A. -- Not available

5 products all showed import declines in the first 10 months of 1982. Rainwear and infants' sets were off by less than 3 percent, girdles, brassieres and dresses by 7 to 9 percent, while tops and vests dropped 37 percent.

The continued advance of import penetration in 1982 -- reaching a projected all time high of 73.8 garments imported for every 100 made in the United States -- is clear evidence of the need for further action to contain imports. Clearly the Multifiber Arrangement and the various bilateral agreements negotiated by the United States with the various foreign countries are not adequate to the task. Compounding the problem are the zooming shipments from China,which still has not negotiated an agreement with the United States. Unless agreement can be reached very soon or unilateral action taken to restrain Chinese shipments, the decline in the domestic apparel industry will accelerate.

Employment, Manhours and Payrolls

As 1982 ended, employment in women's and children's wear was heading for its lowest level in over two decades. After moderate declines in three successive years, the number of production workers in our industry in the first 10 months of 1982 plunged 7.7 percent over the same period of 1981. This brought employment 20.7 percent below the 1973 peak. Those who were still employed had less work than before and weekly work schedules were cut back by 2.9 percent. Total manhours spent on the job fell by 10.9 percent as a result of lower employment and working hours. These data, of course, include the large number of firms that ceased operations in 1982.

Unlike previous years, when employment patterns were often mixed in a reflection of fashion trends and other developments, in 1982 there was only one direction -- downwards. Still the declines covered a fairly wide range. The smallest setback in employment -- 3.2 percent -- took place in the underwear and nightwear industry. The number of workers in knit outerwear was down 3.8 percent, while in children's outerwear it was off by 5.2 percent. Employment in other outerwear shops which produce slacks, shorts, beachwear, skiwear and service apparel was down by 7.6 percent and in blouses was down by 8.0 percent.

Production worker employment dropped by 11.0 percent in knit underwear, by 13.3 percent in corsets and brassieres and by 14.3 percent in the coat, suit and skirt industry. The deepest cuts took place in the dress industry where employment was down by 16.7 percent over the same 10 months of 1981.

In all but the dress industry, the number of manhours worked dropped more than the corresponding industry employment as weekly work schedules were cut back to match reduced orders. Industry payrolls in 1982 were down all across the board as well in amounts ranging from a low of 2.6 percent in knit outerwear to 15.9 percent in coats, suits and skirts.

As 1982 ended, there were still no signs of a turnaround in the dismal employment picture. Unemployment in the apparel industry still hovered around 16 percent,making 1982 one of the worst years on record. This official figure, of course, does not include idle workers who no longer sought work because they were convinced that none was available, nor those working shorter hours who wanted to work regular hours.

EMPLOYMENT, MANHOURS AND PAYROLLS, WOMEN'S AND CHILDREN'S GARMENT INDUSTRY

AVERAGE EMPLOYMENT OF PRODUCTION WORKERS

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	79,700	178,800	49,300	63,800	71,900	69,600	36,800	74,500	30,600
1972	63,800	177,200	41,300	66,700	64,900	91,600	26,400	75,400	30,600
1973	64,500	183,700	45,900	70,200	68,900	102,000	24,700	72,800	28,700
1974	61,300	166,300	45,500	67,100	63,200	103,500	22,700	67,000	29,400
1975	56,800	149,800	45,600	57,300	56,600	100,000	19,600	61,100	28,800
1976	61,000	151,100	48,400	60,500	60,200	112,600	19,300	64,900	31,400
1977	56,700	144,300	49,600	64,700	59,000	118,600	16,600	64,600	29,100
1978	55,500	145,000	53,600	67,100	59,100	124,600	16,100	63,900	29,000
1979	55,900	138,700	55,800	60,400	56,800	124,600	14,900	63,100	27,600
1980	57,100	127,900	54,100	59,400	55,100	120,400	13,900	62,100	26,700
1981	52,400	120,800	54,400	60,700	54,100	122,600	14,300	63,000	26,100
Jan-Oct'81	53,200	122,000	54,700	60,900	54,200	122,900	14,300	62,900	26,300
Jan-Oct'82	45,600	106,500	50,300	58,600	51,400	113,500	12,400	60,900	23,400

MANHOURS OF PRODUCTION WORKERS (in millions)

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	136.0	302.3	85.3	121.3	131.4	129.6	68.0	139.6	60.4
1972	108.1	297.1	72.2	129.2	117.3	164.3	47.9	138.2	58.5
1973	109.7	307.6	80.0	134.6	123.1	182.6	44.6	132.3	54.6
1974	103.1	263.7	77.2	126.7	111.7	182.9	40.1	119.5	54.6
1975	95.4	242.3	79.3	106.3	101.3	178.7	34.9	107.6	54.4
1976	104.1	251.4	84.3	115.0	109.5	199.4	35.7	118.9	59.8
1977	94.4	237.6	84.7	122.6	105.4	207.9	30.1	117.5	55.1
1978	93.1	237.5	92.6	124.8	106.6	218.8	29.4	113.7	54.6
1979	93.1	220.5	95.3	113.0	102.5	216.2	26.4	113.5	50.0
1980	97.1	202.6	92.7	114.2	97.9	209.2	24.1	113.4	49.4
1981	88.9	196.6	92.8	114.1	98.0	215.1	25.7	115.1	47.1
Jan-Oct'81	76.2	166.9	78.5	96.0	82.2	181.3	21.6	96.6	40.2
Jan-Oct'82	61.6	150.6	71.3	89.7	75.6	160.2	17.2	88.8	33.2

PAYROLLS OF PRODUCTION WORKERS (in millions of dollars)

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	$334.1	$644.6	$152.2	$240.8	$228.8	$225.4	$126.2	$229.0	$104.8
1972	325.2	830.7	178.1	352.0	283.9	402.9	120.6	312.9	143.0
1973	347.1	906.5	209.6	389.0	314.3	481.7	120.1	321.9	144.5
1974	349.5	843.9	220.7	397.1	305.8	526.5	116.8	314.7	155.3
1975	342.3	801.4	240.4	356.4	297.4	545.1	109.8	303.0	163.1
1976	390.3	887.8	272.9	408.4	317.8	657.6	120.6	359.4	193.5
1977	377.1	887.5	292.2	456.3	346.3	726.3	107.6	376.4	191.2
1978	391.3	953.0	340.0	491.9	377.8	830.1	112.3	398.9	204.2
1979	420.6	955.4	377.4	482.8	393.8	886.8	109.0	430.4	204.2
1980	489.2	953.7	399.0	535.6	417.9	930.0	105.9	464.1	225.4
1981	483.7	998.1	432.0	575.6	446.1	1,025.6	122.6	513.1	232.4
Jan-Oct'81	413.9	845.6	364.2	482.3	372.5	862.3	102.2	429.3	197.3
Jan-Oct'82	348.2	788.2	341.5	469.9	357.6	791.8	87.7	410.7	171.3

* Men's and women's garments
SOURCE: U.S. Bureau of Labor Statistics and ILGWU Research Department estimates

Hourly Earnings

Most of the major ILGWU agreements in women's and children's outerwear and accessories were concluded last May and June. The first round of wage increases under these renewed agreements took effect this past December. Since the latest data on hourly earnings (union and non-union) published by the Bureau of Labor Statistics are for October 1982, they obviously do not include these increases. Also, since few major contractual increases were scheduled in the year ending October 1982, average increases in hourly earnings are smaller than in most recent years. Hourly earnings were also held back by slack levels of work in the shops.

Between October 1981 and October 1982, hourly earnings rose 21 cents an hour in knitted underwear and by 20 cents in corsets and brassieres. Hourly earnings advanced 18 cents an hour in both the dress and the underwear and nightwear industries. Gains of 15 cents an hour were made in knitted outerwear and in other women's outerwear, which includes shops making slacks, shorts, swimwear, skiwear, service apparel and similar items, while in the coats, suits and skirts the advance was 14 cents. The smallest gains took place in blouses, where earnings were up only 4 cents and in children's outerwear, where earnings rose by 3 cents.

AVERAGE HOURLY EARNINGS, WOMEN'S GARMENT AND OTHER SELECTED INDUSTRIES

Industry	Oct. 1961	Oct. 1971	Oct. 1976	Oct. 1977	Oct. 1978	Oct. 1979	Oct. 1980	Oct. 1981	Oct. 1982
WOMEN'S GARMENTS									
Coats, suits, skirts	$2.35	$3.17	$3.90	$4.12	$4.26	$4.65	$5.25	$5.58	$5.72
Dresses	1.94	2.74	3.62	3.84	4.10	4.43	4.90	5.14	5.32
Blouses	1.57	2.36	3.28	3.49	3.71	4.06	4.41	4.72	4.76
Knitted outerwear*	1.70	2.59	3.62	3.79	4.00	4.40	4.76	5.17	5.32
Children's outerwear	1.53	2.32	3.13	3.33	3.57	3.89	4.30	4.65	4.68
Other outerwear	1.57	2.35	3.35	3.57	3.85	4.20	4.54	4.83	4.98
Corsets, brassieres	1.63	2.46	3.43	3.56	3.84	4.23	4.46	4.90	5.10
Underwear, nightwear	1.46	2.25	3.09	3.28	3.56	3.86	4.16	4.52	4.70
Knitted underwear*	1.50	2.32	3.32	3.57	3.75	4.17	4.63	5.02	5.23
MEN'S CLOTHING									
Suits, coats	1.96	3.11	4.22	4.49	4.91	5.26	5.43	5.84	6.09
Shirts, nightwear	1.39	2.16	3.07	3.20	3.51	3.84	4.20	4.53	4.62
Separate trousers	1.42	2.16	3.23	3.45	3.74	4.11	4.42	4.72	4.86
Work clothing	1.37	2.07	3.05	3.21	3.53	3.81	4.18	4.51	4.76
ALL MANUFACTURING	2.34	3.60	5.32	5.82	6.33	6.82	7.50	8.16	8.56
NON-DURABLE GOODS	2.13	3.30	4.83	5.21	5.65	6.15	6.74	7.33	7.80
DURABLE GOODS	2.50	3.83	5.67	6.22	6.77	7.25	8.02	8.73	9.13
Automobiles	2.88	4.70	7.09	8.13	8.86	9.15	10.45	11.34	11.61
Primary metal industries	2.96	4.35	6.87	7.66	8.42	9.11	10.10	10.97	11.43
Printing, publishing	2.76	4.27	5.83	6.25	6.63	7.10	7.73	8.40	8.88
Rubber and plastic products	2.40	3.44	4.90	5.23	5.67	6.14	6.74	7.30	7.72
Cotton fabrics	1.60	2.57	3.95	4.30	4.62	5.04	5.49	5.96	6.06
Silk and synthetic fabrics	1.67	2.63	3.98	4.33	4.67	5.11	5.52	6.08	6.23
Wool fabrics	1.77	2.75	3.88	4.28	4.52	4.94	5.35	5.85	6.19
COAL MINING	3.08	4.31	7.78	8.40	9.83	10.31	10.97	12.17	12.95
BUILDING CONTRACTORS	3.07	5.46	7.44	7.71	8.27	8.79	9.48	10.12	10.69

* Men's and women's garments

SOURCE: U. S. Bureau of Labor Statistics

Current Outlook

For almost two years the American public has been told by the President and his principal economic experts that the economy is on the verge of a substantial and lasting upturn. When this did not occur in 1981, the year of anticipated recovery was pushed ahead to 1982. In view of that year's dismal economic performance and to help put current prognostications for 1983 into perspective, it may be helpful to recall a few of the forecasts by Administration spokesmen.

At the end of October, 1981, Treasury Secretary Regan stated that "1982 and subsequent years will show vigorous, perhaps unprecedented, economic growth." President Reagan told Congress in February 1982 that the recession would be over in the second quarter and that "output and employment are expected to increase slightly in the second quarter and at a brisk pace throughout the rest of the year." Well into the third quarter, President Reagan once again discovered that the economy was in a "transition period", but he expressed his conviction that, "we're going to see an improvement in the second half of this year."

Although these expectations have not been borne out in the real world, much the same is being said about the prospects for recovery in 1983. In each quarter of this year we will most likely be told that the following quarter will witness the long-hoped-for pickup. However, even within the scope of the generally accepted, but excessively narrow, definition of recovery, based largely on GNP and with less emphasis on such critical elements as the level of unemployment, capacity usage and the rate and nature of investment, the extent of any significant recovery in 1983 is open to question unless there is a change in policy.

Administration economic policy embodies an intensified version of the conservative view that the poor, the workers and the middle class must bear both the burden of the nation's economic downturn and the reversal of the slump. The highly touted tax cuts, skewed to the wealthy, are no longer being presented as the sole key to recovery as they had been in the past two years. Now the nation is being told that a revival in consumer spending is the only way to bring about an upturn. Neither the policy makers nor the forecasters, however, suggest how consumers will increase their spending in the absence of a substantial increase in employment and earnings.

The reasoning behind the concept of a consumer-led recovery has two equally questionable facets, one laughable, the other more serious: consumers will spend at higher levels because there is no other way to turn the economy around and there is so much pent up demand that consumers will simply have to begin to buy again on a massive scale. To enforce the latter argument, much is made of the fact that the rate of inflation has been declining -- without reference to economic costs of this decline; that interest rates have been dropping; that consumer debt has been diminishing -- which translates into anticipated higher new borrowings; and that the sharp rise in corporate stock prices provides additional sources of funds.

The fact is that the recession itself continues to dominate the consumer scene. Income for many consumers has been cut by unemployment and a reduction in working hours and savings have been used to provide for needed purchases. These and other factors -- including continuing historically high interest rates and the near record level of bankruptcies -- have accentuated the fear of unemployment on the part of many of those who are working.

Unemployment is, in fact, considerably higher than the 10.8 percent of the labor force or 12 million workers defined as unemployed at the end of 1982 -- the highest since the depression year of 1940. To this figure must be added at least an additional 1.6 million who have become discouraged about finding a job and a further 6.5 million who are on short hours but would prefer to work a full week. Both figures come from official data, but neither is included in the totals because they do not fit the definition of an unemployed worker. High unemployment also impinges on social security funds by reducing the total amount of worker and employer contributions.

Even with the declines that have taken place in recent months, interest rates are still excessive and a major factor in maintaining the level of unemployment. The Federal Reserve Bank has reduced the discount rate it charges the banks, in an effort to stimulate the economy, but the banking community appears to be reluctant to drop its rates as rapidly.

One factor that may be involved is the problem of liquidity of the larger banks, the result of an excess of unsecured loans to third-world countries, among others. Recent deregulation provisions allowing banks to offer insured money market accounts may reflect an attempt to shore up bank liquidity. Along the same lines is the proposal of Treasury Secretary Regan to increase by 50 percent the lending capability of the International Monetary Fund. In addition to any other considerations, this proposal would assist the banking community to secure at least the interest payments on foreign loans and should be seen as an effort to avoid a major financial crisis.

Interest rates in the U.S. have attracted foreign capital, leading to a large rise during the last two years in the relative value of the U. S. dollar. A high dollar value means lower prices for imports and higher prices for exports. Jobs have been lost as a result. Based on data through November 1982, the U. S. imbalance in merchandise trade is at an all-time high. Even if U. S. interest rates move down and the relative value of the dollar declines, it will still take some time before trade is affected because of contractual commitments by both exporters and importers.

Investment in plant and equipment, traditionally viewed as the key to job creation and ostensibly the purpose of the Reagan tax cuts, declined sharply in 1982 and, based on government surveys, is expected to drop at an even faster rate in the first half of 1983. Tax cut money has not gone into productive domestic investment, but into investment abroad and speculation at home. State and local governments, meanwhile, are increasingly feeling the effects of the President's "new federalism" and will have no alternatives to compensate for losses in federal funds and intensified financial burdens except by raising taxes, cutting services and firing large numbers of employees.

The foregoing does not indicate that the basis for a significant and lasting consumer-led boom is in the making. The key to economic recovery -- and to increasing consumer spending -- remains the creation of jobs. The reported agreement between the leaders of the two parties in Congress on a limited public works program is a step in the right direction, but far from a solution. To have a significant effect, a program to insure jobs must address interest rates, trade, equitable taxation, productive investment, the problems created by foreign exchange rate volatility and deal with the economies of state and local governments.

Consumer apparel purchases, of course, depend heavily on the overall economic situation. The unemployed and the potentially unemployed are unlikely to be in a buying mood. If the economy does not erode further in 1983, sales of women's and

children's wear at retail are likely to show similar modest increases as those registered during 1982. A worsening of the climate, however, could even lead to declines in real sales.

Even if a major upturn occurs later in the year, it is unlikely to bring an immediate spurt in retail apparel volume. Significant improvement in the economy can only come from such sectors as autos, homes and major appliances and, if this occurs, it will draw available consumer funds away from potential soft goods purchases such as apparel. This is what occurred in the aftermath of the last major downturn.

Still, a number of positive factors are present that help support the consumer demand for women's and children's wear. An increasing number of women are entering the labor force and require wardrobes suited to their work. Children soon outgrow their clothing and the growing number of infants in the nation provides support for that segment of the market.

The industry's designers have provided styles for the Spring that offer the consumer a real change. There is a return to a closer, more provocative fit and a more formal look. Dresses and suits are more in vogue. There is also a heightened demand for accessories to go with the current fashions. At the other extreme, there appears to be continued demand for casual and active wear. In part, this is stimulated by the desire in leisure hours to get away from the more formal clothes a career demands. Looser jean styles have helped revive that segment.

The fortunes of the domestic apparel producers obviously depend on retail developments. Indications are that retailers entered the Christmas selling season with lean stocks and were forced to make last minute efforts to restock when good business occasionally developed. Were the stores able to be confident about the future, they would be in a position to place more substantial orders. But the picture remains cloudy.

In the final analysis, business opportunities for domestic manufacturers depend upon how much of the retailers' merchandise needs is sourced abroad. If the reliance on more and more imports continues, any upturn is likely to be of minimal value to U. S. apparel plants and their workers. Only a dramatic change in the degree of penetration of foreign made apparel can help provide sorely needed job opportunities for American garment workers.

opeiu 153

10/18/83
A 5900-1

CONDITIONS IN THE WOMEN'S GARMENT INDUSTRY

OCTOBER 10, 1983

Economic Background

The recession ended in November 1982, according to the unofficial, but widely accepted, arbiter of the business cycle, the National Bureau of Economic Research. The NBER's announcement came in mid-summer 1983. There is, however, less than common agreement as to how and why the recession ended and how deep and lasting the recovery will be.

Despite the euphoria expressed by government spokesmen and in the press, many sectors of the economy have not enjoyed recovery and some that have are showing signs of slowing down. Nor has the economy been growing at a spectacularly high rate. It is not in a boom and the rate of recovery is far from being the highest following postwar recessions.

Unemployment, particularly in manufacturing, remains very high, despite some declines, and capacity usage in manufacturing has a long way to go before it reaches boom levels. Huge and continuing federal budget deficits are draining the economy and keeping interest rates high. The trade deficit has reached all-time highs. Investment, the motor of economic growth, has thus far shown few, if any, signs of reversing the declining trend of recent years.

The turnaround in the economy did not result from purposeful and deliberate actions by the Reagan Administration. Its contribution, if any, has at best been reluctant, belated and inadvertent. Whatever recovery has occurred has taken place despite the policies of the Administration, which made the recession deeper and longer than it might have been. There is no trick to breaking inflation with a severe recession; the trick was to do it without creating havoc with the nation's economy.

In viewing the current situation, two considerations should be kept in mind.

First, by the end of 1982, industrial production was at its lowest level in five years. Consumer durable goods output was at a seven year low, construction was down to almost 1976 levels and materials output was as low as in 1977. These sharp reductions in output and consumer purchases, although lower than normal, resulted in a sharp decline in inventories throughout 1982.

Inventory liquidation reached a rate of $56.4 billion on an annual basis in the fourth quarter of that year and continued into the first quarter of 1983. This

situation created the basis for the rebuilding of inventories, providing there was a sufficient growth in demand, particularly for consumer durables.

Second, the threat that the economy might sink into a long depression led to a loosening during the summer of 1982 of the Federal Reserve System's policies of monetary restraint. By year end, the prime rate dropped by four percentage points and by the end of the first quarter of 1983 by another point. This drop in the cost of money had a significant effect on the economy, although in historic terms interest rates still remained at high levels.

The fall in interest rates and the infusion of money into the economy as a result of the easing by the Federal Reserve System and the increase in defense outlays led to a turnaround in long-deferred consumer demand. Personal consumption expenditures, the largest single component of Gross National Product, rose at almost exactly the same rate in real terms -- outlays for goods and services corrected for price increases -- in the first two quarters of 1983 as real GNP.

The rise in consumer spending was largely in the area of hard hit consumer durable industries and in housing. Personal consumption expenditures for non-durables and services grew at a considerably slower pace. Rising durable goods expenditures, in turn, resulted in a relatively small increase in employment and a larger rise in manhours worked as production was increased to meet the growth in demand and to replenish depleted inventories.

In the first quarter of 1983, real GNP rose by 0.6 percent and in the second quarter by a larger 2.3 percent. Real personal consumption went up respectively by 0.7 percent and 2.4 percent, while personal expenditures for durable goods were up by 1.8 percent in the first quarter and by 7.3 percent in the second quarter.

Fixed investment increased by a real 2.1 percent and 5.0 percent respectively in the two quarters. The residential component of this indicator rose by 12.1 percent and 15.6 percent respectively in the first and second quarters. However, fixed investment in non-residential structures and in producers durable equipment combined declined slightly in the first quarter of 1982 and rose, again slightly, in the second quarter.

Federal government expenditures were off sharply in the first quarter, an ongoing reflection of cuts in social programs, and by somewhat less in the second quarter. Defense spending was up by 1.6 percent and 1.8 percent respectively in the two quarters. State and local government purchases declined slightly in the first quarter and remained flat in the second quarter.

Compensation of employees increased by 2.0 percent in the first quarter and by a lesser 1.1 percent in the second quarter. Corporate profits rose by 1.3 percent in the first quarter and then soared to a 19.8 percent rise in the second. Retail sales rose fractionally in the first quarter and went up substantially in the second, largely the result of the rise in sales of consumer durables.

The index of industrial output rose by 2.4 percent in the first quarter and 4.2 percent in the second quarter. This rise was from very depressed levels, however, and output was still considerably lower than it had been for many years.

Non-farm employment remained flat in the first quarter and rose by less than 1 percent in the second. Production worker employment inched up by 0.2 percent in the

first quarter and by a larger 1.8 percent in the second quarter. Unemployment declined by 300,000 in the first quarter and by a lesser 220,000 in the second quarter. The rate of unemployment dropped to 10.2 and 10.0 percent respectively.

Average weekly hours of production workers rose from the depressed 1982 levels by 0.5 hours and 0.6 hours respectively in the two quarters. The Consumer Price Index went up by 1.3 percent in the second quarter after dropping in the first and remained at around 3.5 percent above 1982 levels.

Preliminary reports on the third quarter show a slower rate of growth than in the second quarter. July witnessed a continued large increase in durable goods purchases, but a decline in the rate of growth was registered in August. Industrial output also rose sharply in July, but, again, the rate of growth slowed markedly in August. Non-agricultural employment increased in both months, but employment in manufacturing was up much less than in other employment.

Unemployment went down in the two months, but at a slow pace. At 9.3 percent of the workforce in July and 9.4 in August, it was still 50 percent higher than it had been at the beginning of 1980. Average weekly hours of production workers were up slightly in both months. The CPI rose in both months, but more slowly in August than in July. House purchases peaked in May, but declined thereafter as the fall in mortgage interest rates ceased and the cost of mortgage money began to rise again.

Retail Sales

Throughout this year, analysts and the press have claimed that booming retail sales are evidence that the recession is over. The data, however, do not indicate a boom in retail sales. They show an advance in sales from low 1982 levels, but still considerably below those of five years ago.

Total sales of the nation's retailers advanced by 6.1 percent in the first four months of 1983 compared with a year ago. In the next four months they were ahead by 10.2 percent. Even after price increases are taken into account, there is an upswing of 2.9 percent and 7.7 percent respectively. By comparison with 1982, when the total gain was only 2.7 percent in current dollars and a decline of 1.2 percent in real terms, 1983 performance seems impressive.

The picture changes, however, when 1983 is put into historical perspective. Current sales volume, of course, has been increasing year after year because of price boosts. Real volume, on the other hand, has declined in three out of the last five years and in 1983 remains lower than in the peak year of 1978. Since population has grown at the average rate of one percent a year in this period, the situation is worse than it appears at first glance.

Much of the 1983 retail improvement can be traced to the dramatic upturn in durable goods sales, which were given a boost by the improvement in consumer confidence. This, in turn, resulted from the lowering of interest rates, which helped to release pent up demand for automobiles and appliances and outlays for home improvements. In the first four months of 1983, sales of durable goods stores were ahead of 1982 by 12.0 percent in current dollars and by 6.7 percent in real terms. Sales zoomed in the next four months when the gain over 1982 was 21.0 percent and 16.7 percent after allowance for price changes.

RETAIL SALES OF WOMEN'S AND CHILDREN'S CLOTHING AND ACCESSORIES* BY TYPE OF OUTLET
(in millions of dollars)

Period	Total Sales	Department Stores	Women's Ready-to-wear Stores	Family Clothing Stores	Other Retail Outlets
1966	$18,112	$ 7,763	$ 5,831	$ 1,308	$ 3,210
1972	25,021	11,112	8,082	2,064	3,763
1973	27,972	12,308	9,336	2,502	3,826
1974	29,617	12,761	9,910	2,735	4,211
1975	31,683	13,451	10,926	2,933	4,373
1976	34,298	14,670	11,840	3,207	4,581
1977	36,527	16,251	11,925	3,472	4,879
1978	40,944	17,765	13,947	3,758	5,474
1979	43,668	19,011	14,804	3,995	5,858
1980	45,845	19,903	15,227	4,495	6,220
1981	50,542	22,314	16,440	4,954	6,834
1982	52,303	23,036	17,091	5,090	7,086
Jan-Apr'82	14,842	6,404	4,973	1,454	2,011
Jan-Apr'83	15,421	6,777	5,173	1,376	2,095
May-Jul'82	11,778	5,061	3,960	1,161	1,596
May-Jul'83	12,521	5,414	4,224	1,182	1,701

* Data include traditional products of the women's garment industry as well as millinery, furs, hosiery, gloves and other accessories
SOURCE: ILGWU Research Department (benchmarked to 1967, 1972 and 1977 Census of Business)

Consumer attention to long-delayed purchases of large ticket items left less money available for nondurables and their growth in 1983 has been far more modest. Compared with last year, nondurable store sales were up by 3.5 percent in the January-April third, and by 5.5 percent in the next four months. Allowing for price changes, the gains were 1.0 percent and 3.2 percent respectively.

While real sales of durables still lag behind historic levels, sales of nondurables reached new highs in 1983. The downturns of the past few years were less severe in nondurables than in durables since nondurables encompass many essentials such as food and are less dependent on credit.

Sharing in the improved business climate, retail sales of women's and children's wear advanced moderately in 1983. By comparison with 1982, sales in the first four months were ahead by 3.9 percent. With prices moving up only slightly, real sales were up by 3.5 percent. In the next three months, through July, sales of female apparel were ahead by 6.3 percent in current dollars and by 4.4 percent in real terms. Preliminary signs are that August sales may show a slightly smaller gain as hot weather cut into early fall sales and back to school purchases were off to a late start.

A number of factors helped boost sales of feminine apparel. Consumers expressed greater optimism and confidence by stepping up purchases. Among the first to do

so were upper bracket shoppers. There is also a natural support for apparel sales as seasons change, children grow, and women's careers demand additions to wardrobes. In line with the improving economic climate came a demand for dressier apparel. Stores contributed to burgeoning sales by filling holes in depleted inventory and bringing in a greater variety and quantity of new merchandise to whet consumer appetites.

While the 1983 gains are not spectacular, sales are definitely better than last year's weak showing. In 1982, total sales of women's and children's apparel and accessories rose by only 3.5 percent in current dollar value and by 2.4 percent in real terms. To achieve even those small gains of 1982, retailers had to promote early and often. This led to a rise of only 1.0 percent in retail prices, the smallest increase in 18 years.

With sales strengthening in 1983, retailers gradually cut back on promotions and more normal price increases began to appear. Compared with the same 1982 months, retail prices of women's and children's wear were up by 0.2 percent in March and April, 0.9 percent in May, 1.8 percent in June, 2.9 percent in July and 3.2 percent in August. Given the double digit increase in apparel imports so far this year, it is evident that more imports are not a guarantee of lower or even stable prices for the consumer.

Department stores once again chalked up the largest gains among the various outlets selling women's and children's wear. Women's specialty stores and other outlets, including some discounters, mass merchandisers and mail order houses, ran neck and neck for second place. Family clothing stores ran far behind this year, the only type of store to show an actual decline in dollar volume.

Production of Women's and Children's Wear

The combined effect of growing imports and a recession at home brought activity in the women's and children's apparel industry to its lowest level in the past two decades. Between 1981 and 1982 the physical volume of output in the industry declined 7.0 percent, bringing the physical volume of output to 11.5 percent below the 1968 peak.

Activity began to level off somewhat in 1983. In the first four months of the year, output was off by 2.7 percent against the same 1982 months. In the following three months, output reversed course and gained by 1.7 percent. For the seven months as a whole, activity was still registering an 0.8 percent decline.

In 1983, the Bureau of the Census resumed publication of its monthly series on production of key items of women's outerwear. This series had been eliminated in the Reagan Administration budget cuts and was resumed as a result of contributions by labor and industry organizations in the women's and men's apparel industry. Because monthly data had not been collected for 1982, the ILGWU Research Department has prepared estimates for that year based on annual totals compiled by the Bureau of the Census. These estimates permit an evaluation of this year's performance against that of last year. (Historical annual production data are shown in the Appendix table on page 16.)

The monthly production statistics available for 1983 largely bear out the overall data on physical volume. In the first four months of 1983, compared to the same

UNIT PRODUCTION OF SELECTED WOMEN'S AND MISSES' GARMENTS AND PHYSICAL VOLUME OF OUTPUT, WOMEN'S AND CHILDREN'S APPAREL INDUSTRY
(in millions)

Period	UNIT PRODUCTION							Physical Volume of Output#
	Coats	Suits@	Dresses	Blouses	Skirts	Slacks, Jeans & Dungarees	Sweaters*	
1966	27.7	11.6	321.3	223.2	131.1	110.9	147.0	$9,065
1972	25.2	24.6	289.4	215.3	66.2	205.6	130.8	$8,729
1973	24.6	25.0	275.5	236.5	64.7	225.1	151.3	$8,684
1974	22.4	28.1	236.9	245.2	57.9	238.5	148.3	$8,363
1975	23.2	32.5	222.7	277.8	63.7	240.4	134.8	$8,335
1976	22.2	32.5	213.5	296.2	64.9	246.4	127.2	$8,451
1977	20.1	32.2	228.3	335.6	68.8	227.9	127.5	$8,730
1978	20.6	30.0	239.5	365.0	78.0	215.9	121.6	$8,872
1979	20.6	24.8	247.2	412.7	79.2	250.3	107.7	$9,057
1980	19.4	18.7	252.8	403.8	87.4	264.3	107.6	$9,054
1981	16.1	13.6	218.4	387.9	103.1	272.8	124.9	$8,724
1982	13.4	10.7	197.2	377.6	94.7	261.1	119.2	$8,112
Jan-Apr'82	3.6	4.0	75.1	129.5	32.3	94.0	28.7	$2,636
Jan-Apr'83	2.3	2.0	61.5	122.9	32.3	86.7	23.2	$2,565
May-Jul'82	3.7	2.5	48.9	89.9	23.3	64.0	31.1	$2,052
May-Jul'83	3.3	2.2	42.0	108.3	25.5	62.0	22.7	$2,087

@ Suits including pant-suits
* Sweaters for women and men
# Physical volume of output of women's and children's apparel industry expressed in 1967 value
SOURCE: U.S. Bureau of the Census and ILGWU Research Department (benchmarked to 1963, 1967 and 1972 Census of Manufactures)

1982 months, production of women's suits was down 50.0 percent, that of coats was off by 36.1 percent and dress production was down by 18.1 percent. Sweater output fell by 19.2 percent; women's sweaters dropped by 31.2 percent, more than offsetting a rise of 4.7 percent in men's sweaters. Sportswear showed the smallest declines in this period, with production of slacks, jeans and dungarees falling by 7.2 percent, blouses by 5.1 percent and skirts remaining unchanged.

In the period from May through July of 1983, most production declines moderated or changed to gains compared with the same months in 1982. Dress output was off by a lesser 14.1 percent, suit production was down by 12.0 percent and coat output was behind by 10.8 percent. Production of slacks, jeans and dungarees was behind by only 3.1 percent. Skirt production was ahead 9.4 percent, while that of blouses was also up by 9.4 percent.

The only product not to show improvement in output in the three month period was sweaters, which declined by 27.0 percent in the May-July months. Most of the

drop in sweaters was occasioned by the 37.9 percent fall in women's sweater output; men's sweater production was down by 6.9 percent in the same months.

Many items of women's and children's apparel are, however, not covered in the monthly production report. Indications are that production of children's wear tended to follow the patterns of women's wear, with sportswear doing somewhat better than coats, suits and dresses. Overall output was below that of 1982. In the intimate apparel field, corsets and brassieres were behind 1982 in the first seven months of 1983. Some strengthening of output took place in slips and nightwear as the year progressed.

IMPORTS

The tempo at which imports of women's and children's apparel have been replacing goods made in the United States accelerated dramatically during the recession years 1979 through 1982 and the first eight months of the recovery year of 1983. During the recession, imports of women's and children's wear (measured in terms of the square yards of material used in their manufacture) increased 29.1 percent, while domestic output declined 10.4 percent. Even during 1982, the worst year in recent history in both retail and wholesale sales, imports chalked up a 5.0 percent increase.

There was hope among some observers and analysts that the Administration's promise to keep the rise in imports in line with growth in the domestic market would finally take hold in 1983. This hope, however, was short-lived. Starting in January and continuing in the months that followed, the data showed that imports were once again zooming. Retailers were filling up depleted inventories and were ordering imports at the highest rate ever. In part this occurred because of fears that restrictive action might be taken by the government.

In the first seven months of 1983, imports of women's and children's wear were 25.5 percent ahead of the same months of 1982. The gains were universal. Imports of cotton items were ahead 25.6 percent, wool garments were up by 60.7 percent and women's and children's wear of man-made fibers advanced by 24.3 percent. Knit and woven garment imports rose 27.1 and 24.0 percent respectively.

In August there was some let up in the flood of imports and overall shipments of women's and children's wear rose only 3.6 percent over 1982. Imposition of some government restraints, the filling of existing quotas and, perhaps, too rapidly accumulating inventories tended to hold back the rate of import flows that took place in prior months.

The only actual decline in August 1983 over August 1982 was in woven cotton garments, where imports fell by 3.8 percent. This drop helped to offset the 19.2 percent increase in knit cotton items. The cotton total declined by 0.1 percent. Elsewhere, the trend was still up, though the growth rate moderated. Imports of women's and children's wool wear were ahead 13.2 percent in August, while those of man-made fibers were up by 4.7 percent.

The continued gains in women's and children's wear imports in August of this year versus August 1982 were in contrast to the 11.5 percent decline in other apparel (including men's and boys' garments and items such as hats, gloves and hosiery that

IMPORTS OF SELECTED WOMEN'S AND CHILDREN'S GARMENTS
(in thousands of units)

Product	Year 1977	Year 1978	Year 1979	Year 1980	Year 1981	Year 1982	Jan-Aug 1982	Jan-Aug 1983
Coats & jackets, cotton	7,586	8,656	8,392	14,580	19,706	13,835	14,092	13,715
" " " wool	1,335	2,294	1,936	2,259	2,300	2,229	1,435	2,048
" " " synthetic	23,760	25,746	22,274	26,017	30,071	38,484	25,886	26,763
TOTAL	32,681	36,696	32,602	42,857	52,077	59,548	41,413	42,526
Suits, wool	547	414	445	344	654	1,018	779	813
" synthetic	2,826	3,085	1,725	1,370	2,112	2,955	1,906	3,064
TOTAL	3,373	3,499	2,169	1,715	2,766	3,973	2,685	3,881
Dresses, cotton	5,854	6,534	4,832	8,413	9,396	9,397	7,472	9,614
" wool	761	635	496	1,013	1,109	415	217	392
" synthetic	10,194	12,840	11,860	13,884	15,839	13,798	9,448	15,359
" silk (non-ornamented)	230	463	990	1,143	1,697	1,563	1,006	1,738
TOTAL	17,039	20,472	18,178	24,453	28,041	25,172	18,143	27,103
Blouses, cotton	64,750	107,284	126,743	107,475	118,007	125,985	97,077	100,127
" wool	7,712	7,631	6,450	6,603	7,968	5,186	3,250	3,215
" synthetic	75,395	90,246	89,169	93,214	96,686	107,699	77,340	86,551
" silk (non-ornamented)	1,732	3,543	3,806	3,668	5,402	4,272	2,869	3,960
TOTAL	147,589	208,705	226,168	210,960	228,064	243,142	180,536	193,853
Knit shirts (a), cotton	63,743	66,294	58,774	51,421	47,488	54,144	40,315	41,017
" " synthetic	157,434	156,507	123,630	116,788	126,803	137,109	94,238	123,938
TOTAL	221,177	222,801	182,404	168,209	174,290	191,253	134,553	164,954
Sweaters (b), cotton	2,905	4,086	5,485	6,115	5,651	8,900	4,669	6,400
" wool	30,133	22,825	19,910	30,659	27,519	31,055	19,821	23,555
" synthetic	109,461	113,583	94,846	112,384	112,541	115,162	71,889	94,076
TOTAL (c)	142,609	141,053	120,747	149,879	148,968	161,475	99,691	130,530
Skirts, cotton	5,109	7,275	8,469	9,955	14,327	14,740	11,772	15,352
" wool	902	1,488	1,626	1,298	1,287	1,556	856	1,586
" synthetic	1,840	3,633	4,040	3,522	5,945	7,038	4,540	9,401
TOTAL	7,851	12,396	14,135	14,774	21,559	23,334	17,168	26,340
Slacks & shorts, cotton	77,314	94,794	86,368	97,843	106,626	99,844	67,710	105,894
" " " wool	777	1,173	745	959	1,348	1,552	740	1,201
" " " synthetic	61,276	75,992	66,431	68,584	75,475	107,291	74,315	72,035
TOTAL (c)	139,505	172,322	153,869	168,035	184,530	209,386	143,363	179,606
Playsuits, cotton	11,981	11,659	12,292	18,114	21,230	23,157	16,376	15,836
" synthetic	8,554	9,206	7,839	8,382	7,911	7,126	5,107	6,373
TOTAL	20,535	20,865	20,132	26,496	29,141	30,283	21,483	22,208
Raincoats (b), cotton	2,465	3,888	4,029	2,331	1,995	2,044	1,414	1,386
" synthetic	4,764	6,030	5,542	4,365	4,764	4,578	3,282	2,766
TOTAL	7,229	9,918	9,572	6,696	6,759	6,623	4,696	4,152
Dressing gowns & robes, cotton	1,900	1,838	1,005	1,814	2,487	3,349	2,366	2,517
" " " " wool	10	18	5	82	7	8	1	5
" " " " synthetic	936	1,302	1,695	1,555	2,046	2,015	1,413	1,448
TOTAL (c)	2,856	3,172	2,712	3,469	4,572	5,406	3,802	4,006
Nightwear & pajamas, cotton	6,368	7,172	6,369	6,652	10,678	11,803	6,106	7,145
" " " synthetic	1,519	2,140	1,848	1,873	2,735	4,755	2,724	3,444
TOTAL (c)	7,889	9,313	8,221	8,534	13,423	16,585	8,842	10,615
Underwear, cotton	6,731	12,627	15,971	19,177	28,368	45,980	28,834	46,153
" wool	152	257	204	266	227	263	141	131
" synthetic	22,680	22,584	23,490	33,960	40,693	38,109	25,579	27,602
TOTAL (c)	29,642	35,728	39,739	53,466	69,502	84,654	54,716	77,013
Brassieres, cotton	4,407	2,278	2,223	1,619	1,178	1,640	801	2,371
" synthetic	109,678	126,091	131,508	142,529	150,922	136,239	91,857	92,932
TOTAL	114,085	128,369	133,731	144,148	152,100	137,879	92,658	95,303
Girdles & corsets, cotton	45	4	14	5	54	23	19	6
" " " synthetic	3,185	4,333	5,041	6,830	7,752	7,445	4,689	5,364
TOTAL	3,230	4,337	5,055	6,835	7,806	7,468	4,708	5,370
Infants' sets (d), cotton & synthetic	28,205	31,798	31,761	35,947	36,634	35,999	23,607	26,918
Swimwear, synthetic	9,877	14,025	13,865	11,379	8,059	9,247	7,623	7,125
Tops & vests, cotton & synthetic	10,441	11,730	13,346	17,399	16,636	9,453	8,230	6,584
Body suits & shirts, synthetic	1,063	3,577	3,109	730	1,564	2,634	1,676	3,413
Coveralls (e), synthetic	1,237	1,275	746	737	812	908	655	747
Judo/karate suits, cotton & synthetic	75	128	96	184	190	273	181	183

(a) Excludes knit tops
(b) Men's, women's and children's
(c) Includes garments of silk and other fibers not shown separately
(d) Up to and including 2 years of age
(e) Includes overalls and jumpsuits

SOURCE: U.S. Bureau of the Census (imports for consumption)

fall outside normal ILGWU jurisdiction). The 3.6 percent gain in August in women's and children's wear and the 11.5 percent drop in other apparel brought the overall apparel import level to 3.1 percent below August 1982.

The August slowdown, however, did not make much of a dent in imports for the first eight months of 1983. Imports of women's and children's wear were still 22.0 percent ahead of the same months of 1982, while imports of other apparel were ahead by 1.3 percent in the same period. Overall apparel imports were up by 13.3 percent.

Although the quantity of imported women's and children's wear continued to grow, the unit value of these imports declined 2.1 percent in 1983. This was due in part to the strength of the dollar in relation to foreign currencies and in part to the increased shipments from such extremely low cost Far Eastern countries as China.

Of the 21 major products for which import data are available, 18 increased during the first eight months of 1983 compared with 1982. Brassieres, playsuits, judo and karate suits, coats and jackets, dressing gowns and blouses all increased by 7 percent or less. Coveralls, girdles and corsets, and infants' sets gained by 14 percent. Nightwear and pajamas, knit shirts, and slacks and shorts were up by 20 to 25 percent. Sweaters, underwear, dresses and skirts were ahead by 31 to 53 percent. The largest gain took place in body suit and shirt imports, which more than doubled.

The 1983 rise in imports and indications that further increases are in the offing underlines the imperative need to roll back apparel imports to 25 percent of the domestic market, proposed by the ILGWU this spring and now before the U.S. Congress. The bilateral agreement with the People's Republic of China, negotiated in early summer, made clear that the Administration would not live up to its promise to keep import growth in line with the domestic market. It demonstrated a lack of concern by the government about what happens to the apparel industry.

For a time it was hoped that the appointment of a White House working group to study the apparel and textile import problem indicated a serious intention on the part of the Administration to find ways to reduce import growth. Preliminary reports of the working groups' conclusions suggest that these hopes were misplaced. Apparently the report will stress procedural improvements rather than substantive changes in apparel and textile quotas.

The failure of the government to act on behalf of the apparel and textile industries has prompted additional activity by labor and industry. The ILGWU has joined in a petition to the U.S. Department of Commerce protesting the subsidization by the People's Republic of China of its textile and apparel exports and asking for imposition of countervailing duties. The ILGWU is also a party to the "Crafted in the USA with Pride" campaign being waged by the apparel and textile coalition.

Employment, Manhours and Payrolls

Activity in the women's and children's wear industries has suffered continuously from a diversion of work to foreign countries. In 1982, employment in our trades was down by 6.6 percent over 1981, and by 19.5 percent over the peak of 1973. Total manhours worked were down 8.8 percent in 1982 and 22.8 percent below 1973. Every branch of our trade suffered losses in both employment and manhours in 1982.

EMPLOYMENT, MANHOURS AND PAYROLLS, WOMEN'S AND CHILDREN'S GARMENT INDUSTRY

AVERAGE EMPLOYMENT OF PRODUCTION WORKERS

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	79,700	178,800	49,300	63,800	71,900	69,600	36,800	74,500	30,600
1973	64,500	183,700	45,900	70,200	68,900	102,000	24,700	72,800	28,700
1974	61,300	166,300	45,500	67,100	63,200	103,500	22,700	67,000	29,400
1975	56,800	149,800	45,600	57,300	56,600	100,000	19,600	61,100	28,800
1976	61,000	151,100	48,400	60,500	60,200	112,600	19,300	64,900	31,400
1977	56,700	144,300	49,600	64,700	59,000	118,600	16,600	64,600	29,100
1978	55,500	145,000	53,600	67,100	59,100	124,600	16,100	63,900	29,000
1979	55,900	138,700	55,800	60,400	56,800	124,600	14,900	63,100	27,600
1980	57,100	127,900	54,100	59,400	55,100	120,400	13,900	62,100	26,700
1981	53,200	121,300	55,000	60,000	54,700	123,400	14,200	62,500	26,300
1982	48,400	112,000	53,000	55,700	52,600	116,100	11,800	59,000	24,300
Jan-Apr'82	46,200	118,200	53,200	52,300	53,500	121,500	13,000	59,900	24,100
Jan-Apr'83	45,500	111,500	53,300	52,000	51,100	117,700	11,100	57,400	24,600
May-Jul'82	49,100	108,900	50,600	57,000	53,800	111,600	11,600	58,200	24,200
May-Jul'83	50,600	107,900	53,100	54,300	52,500	114,200	11,100	58,700	25,500

MANHOURS OF PRODUCTION WORKERS (in millions)

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	136.0	302.3	85.3	121.3	131.4	129.6	68.0	139.6	60.4
1973	109.7	307.6	80.0	134.6	123.1	182.6	44.6	132.3	54.6
1974	103.1	263.7	77.2	126.7	111.7	182.9	40.1	119.5	54.6
1975	95.4	242.3	79.3	106.3	101.3	178.7	34.9	107.6	54.4
1976	104.1	251.4	84.3	115.0	109.5	199.4	35.7	118.9	59.8
1977	94.4	237.6	84.7	122.6	105.4	207.9	30.1	117.5	55.1
1978	93.1	237.5	92.6	124.8	106.6	218.8	29.4	113.7	54.6
1979	93.1	220.5	95.3	113.0	102.5	216.2	26.4	113.5	50.0
1980	97.1	202.6	92.7	114.2	97.9	209.2	24.1	113.4	49.4
1981	90.2	197.6	93.8	112.5	99.0	216.6	25.4	114.1	47.5
1982	79.0	181.3	91.1	102.3	93.2	197.0	19.9	103.4	41.9
Jan-Apr'82	23.9	63.2	29.1	30.3	29.9	66.8	6.8	33.2	12.6
Jan-Apr'83	24.8	59.8	29.8	30.3	29.7	68.9	6.4	33.1	14.8
May-Jul'82	20.7	44.6	22.5	27.1	24.9	48.2	5.0	26.0	10.8
May-Jul'83	21.9	44.3	23.4	25.3	23.8	50.9	4.9	27.1	12.0

PAYROLLS OF PRODUCTION WORKERS (in millions of dollars)

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	$334.1	$644.6	$152.2	$240.8	$228.8	$225.4	$126.2	$229.0	$104.8
1973	347.1	906.5	209.6	389.0	314.3	481.7	120.1	321.9	144.5
1974	349.5	843.9	220.7	397.1	305.8	526.5	116.8	314.7	155.3
1975	342.3	801.4	240.4	356.4	297.4	545.1	109.8	303.0	163.1
1976	390.3	887.8	272.9	408.4	317.8	657.6	120.6	359.4	193.5
1977	377.1	887.5	292.2	456.3	346.3	726.3	107.6	376.4	191.2
1978	391.3	953.0	340.0	491.9	377.8	830.1	112.3	398.9	204.2
1979	420.6	955.4	377.4	482.8	393.8	886.8	109.0	430.4	204.2
1980	489.2	953.7	399.0	535.6	417.9	930.0	105.9	464.1	225.4
1981	490.9	1,002.7	436.9	567.4	450.6	1,032.7	121.3	508.5	234.5
1982	448.5	956.1	434.6	537.8	449.6	976.0	101.7	479.0	216.8
Jan-Apr'82	134.6	330.0	139.8	158.5	142.5	328.0	34.9	153.4	64.9
Jan-Apr'83	141.8	324.3	143.7	165.0	142.3	347.8	32.7	158.7	78.7
May-Jul'82	117.3	234.3	105.8	141.8	126.0	237.0	25.3	119.4	55.3
May-Jul'83	128.9	244.2	114.3	138.0	113.6	257.3	25.6	128.9	63.1

* Men's and women's garments
SOURCE: U.S. Bureau of Labor Statistics and ILGWU Research Department estimates

These reverses were so severe that, in spite of higher hourly and weekly wages, total industry payrolls were behind 1981 by 5.1 percent.

The year 1983 started off only slightly better. In the first four months, employment was down by 3.3 percent compared to 1982, as shops continued to close under import and recessionary pressures. Only two branches of the industry managed to show small gains. Blouse employment was up by a mere 0.2 percent, while that in knit underwear was 2.1 percent ahead. In the other branches employment was down, the smallest drop -- 0.6 percent -- took place among knit outerwear workers, the largest drop -- 14.6 percent -- occurred in the corset and brassiere industry.

Despite the drops in employment, the number of manhours spent in the shops rose 0.6 percent in the first four months of 1983. Two factors help account for the apparent turnaround. First, comparisons are made with a 1982 period that included the impact of a severe snowstorm that forced many operations to shut down and distorted the data collected by the Labor Department. Second, so many shops had closed or permanently reduced operations that even a small flurry of business forced an enlargement of working schedules.

The largest manhour gain took place in knit underwear, which was up by 17.5 percent. Smaller gains were evident in the coat, suit and skirt industry, in the blouse and other outerwear sectors (the latter industry makes a variety of sportswear items such as slacks, jeans, playgarments, bathing suits, as well as washable service apparel). Elsewhere manhours worked were still behind 1982.

Activity showed signs of further stabilization in the following three months, May through July. Overall employment in women's and children's wear rose by 0.5 percent over 1982, while manhours worked were 1.7 percent ahead. The gains were more widespread among the several branches of the trade.

Employment rose 5.4 percent in knit underwear, 4.9 percent in blouses, 3.1 percent in coats, suits and skirts, 2.3 percent in other outerwear, and 0.9 percent in underwear and nightwear. In all other sectors of the industry, employment continued to decline. The drop was 0.9 percent in dresses, 2.4 percent in children's outerwear, 4.3 percent in corsets and brassieres and 4.7 percent in knit outerwear. Manhours tended to reflect the employment developments though not always to the same degree.

Viewed in perspective, and despite heightened activity, employment and manhours in 1983 are still far below previous levels. It appears that we are experiencing a repeat of 1975 and 1976 when the combination of a recession and growing imports led to a huge drop in the industry's level of domestic operations, followed by a very minor step in returning to prior levels once recovery set in. Based on currently available data, there are few, if any, signs that substantial recovery is ahead for the domestic industry or its workers.

The gains of 1983, however, were sufficient to help bring an end to the drop in overall payrolls that had occurred in 1982. In the first four months of 1983, payrolls were ahead by 3.3 percent and in the next three months the gain expanded to 4.4 percent.

Hourly Earnings

The latest data available on average hourly earnings in the different branches of the apparel industry are for July 1983. These data, collected by the Bureau of

AVERAGE HOURLY EARNINGS, WOMEN'S GARMENT AND OTHER SELECTED INDUSTRIES

Industry	July 1961	July 1973	July 1978	July 1979	July 1980	July 1981	July 1982	July 1983
WOMEN'S GARMENTS								
Coats, suits, skirts	$2.29	$3.20	$4.26	$4.52	$5.09	$5.52	$5.79	$5.93
Dresses	1.84	2.90	4.04	4.35	4.70	5.05	5.32	5.63
Blouses	1.50	2.46	3.58	3.94	4.21	4.67	4.59	4.84
Knitted outerwear*	1.64	2.84	3.96	4.29	4.72	5.04	5.24	5.47
Children's outerwear	1.48	2.52	3.53	3.80	4.21	4.53	4.73	4.76
Other outerwear	1.48	2.58	3.76	4.07	4.42	4.74	4.87	5.07
Corsets, brassieres	1.57	2.65	3.82	4.06	4.38	4.71	5.10	5.29
Underwear, nightwear	1.39	2.39	3.50	3.79	4.08	4.45	4.58	4.73
Knitted underwear*	1.47	2.68	3.71	4.04	4.57	4.91	5.12	5.24
MEN'S CLOTHING								
Suits, coats	1.94	3.41	4.76	5.05	5.25	5.66	5.99	6.35
Shirts, nightwear	1.31	2.34	3.43	3.73	4.07	4.40	4.61	4.71
Separate trousers	1.35	2.44	3.69	3.96	4.25	4.54	4.86	5.02
Work clothing	1.26	2.33	3.50	3.81	4.09	4.41	4.71	4.19
ALL MANUFACTURING	2.32	4.09	6.18	6.72	7.29	8.02	8.55	8.85
NON-DURABLE GOODS	2.12	3.71	5.57	6.04	6.61	7.22	7.77	8.11
DURABLE GOODS	2.49	4.35	6.58	7.15	7.76	8.57	9.12	9.40
Automobiles	2.85	5.48	8.43	9.10	9.80	11.14	11.87	12.08
Primary metal industries	2.92	5.03	8.20	9.05	9.83	10.78	11.36	11.36
Printing, publishing	2.74	4.77	6.51	6.94	7.52	8.20	8.75	9.10
Rubber and plastic products	2.41	3.83	5.53	5.97	6.53	7.19	7.67	8.05
Cotton fabrics	1.57	2.86	4.50	4.81	5.24	5.67	5.98	6.44
Silk and synthetic fabrics	1.65	2.94	4.59	4.92	5.36	5.80	6.17	6.62
Wool fabrics	1.76	3.08	4.37	4.77	5.28	5.68	6.24	6.53
COAL MINING#	3.11	5.64	9.46	10.45	10.97	11.89	12.77	13.65
BUILDING CONTRACTORS	3.02	5.81	7.97	8.61	9.26	9.83	10.51	10.56

* Men's and women's garments
\# Data for June of each year

SOURCE: U. S. Bureau of Labor Statistics

Labor Statistics, cover workers in non-union shops as well as those in the ILGWU fold. In case of the latter group, the hourly earnings data include both the wage increase effective last December as well as the one that took effect this June as part of the negotiated 1982 outerwear settlements.

Between July 1982 and July 1983 average hourly earnings rose 31 cents in the dress industry, 25 cents in blouses, 23 cents in knitted outerwear and 20 cents in other outerwear, which includes among other items slacks, shorts, beach and ski wear, playsuits service apparel and similar items.

Gains of 19 cents an hour were recorded in corsets and brassieres, underwear and nightwear earnings were up 15 cents and those in the coat, suit and skirt industry were 14 cents ahead. Hourly pay in knitted underwear advanced 12 cents. The smallest gain -- 3 cents an hour -- took place in children's outerwear.

The advances in hourly earnings were held back for a number of factors. First, with declining activity in the industry bundles were smaller and earnings opportunities were affected. Second, workers were afraid of losing their jobs and did not press as hard as usual for adjustment of unduly low piece rates. Third, there has been an effort by domestic producers to seek out the lowest possible wage levels in the U.S. even though this may have meant shifts from shop to shop, area to area or industry to industry.

Current Outlook

The pace of the recovery began to slow in the third quarter of 1983 and the deceleration in the rate of growth most likely will continue into the fourth quarter. Unemployment, particularly in manufacturing, and interest rates will remain at high historic levels for some time and few, if any, increases are anticipated in investment, the motor of the economy. The alternative to private investment, public works, is clearly not on the government's agenda.

Although reported use of capacity in manufacturing has risen steadily since November 1982 when it reached its lowest point in the 35 years since record keeping on this indicator began, it is still substantially below the 1979 figure and that for the recovery year 1973. However, there are growing problems in using these data to assess the state of the economy.

Capacity use percentages are derived from a fraction the denominator of which is the total of existing plant and equipment and the numerator the amount of that plant and equipment used in the reported time period. A change in the denominator, therefore, could change the percentage. The question arises at this time because government data collection agencies give no guidelines to reporting manufacturing establishments on whether or not to include standby and shutdown facilities and those they now consider to be obsolete. The guidelines merely use the term, "usual operating practices", leaving the definition of this phrase to interpretation by the individual reporting manufacturing firms.

More important than the validity of any single economic indicator are some of the ongoing changes in the business cycle, which reflects the traditional ups and downs of the economic system. In any dynamic economic system, changes of varying degrees of importance are, of course, constantly taking place. These changes are usually not manifested in sudden alterations of prior movements. Modifications in the operation of the cycle take place over time.

Until at least the depression of 1929, sharp economic downturns were characterized by a drop in prices, wages and interest rates, along with increases in unemployment. In the postwar recessions, declines in wages and prices have been far less typical. In the 1979-1982 downturn, prices rose rapidly, followed by a decline in the rate of increase, but did not turn down in an absolute sense. Wages rose slowly in terms of current dollars, although in real terms they declined.

Interest rates usually dropped along with a decline in economic activity. Low interest rates have been less and less the case during recent recessions. In the 1979-1982 downturn, interest rates reached record levels and subsequent declines still left them high in historic terms. Unemployment during the two most recent recessions reached higher for longer periods of time than during all other past World War II recessions. Both recessions have resulted in increases in what is called "structural unemployment", a reflection of changes in the structure of the economy.

Basic changes in the cycle have important implications for the future development of the economy. They reflect in large part an increasing concentration of capital and a constant search for profit maximization. Changes in the structure and operation of the economy obviously affect the nation's industrial configuration. In a practical sense, they have led to declines in domestic investment, in both relative and absolute terms, particularly in manufacturing.

In terms of economic policy actions, the changes in the way the economy operates have resulted in a growing use of monetary policy by national administrations, a tax policy that encourages speculation rather than investment, a negative trade balance and increasing instability in international economic relations. Past policy always viewed increased unemployment as the best way to squeeze out the economy; more recent policy aims at maintaining high levels of unemployment largely because policy makers see no alternative.

Restructuring American industry has come to mean a deterioration of many hitherto basic industries and elimination of others. There is an apparent conclusion by policy makers and manufacturers that excess capacity exists in some basic domestic industries, one of which is steel. Lack of investment in that industry results from a view that, on the one hand, excess capacity has become a worldwide phenomenon and, on the other, that higher rates of profit are available in other endeavors.

The result is a substantial decline in the steel industry, with no anticipated return to previous output levels. Smokestack industries and labor intensive ones have been negatively affected by trade policies which stem from the conclusion that they are no longer necessary to the nation's economy and in a restructured U.S. can readily be replaced through imports.

Current monetary policy also presents grave and lasting dangers to the economy. The Federal Reserve System, which was traditionally passive, has become the key force in shaping economic policy. Of course, its new role does not represent a usurpation of power; rather it reflects the conclusion that monetary policies, which impact the economy quickly, are the only way to deal with current problems.

The Fed can inhibit recovery or intensify recession by raising interest rates. By maintaining high interest rates, however, it has kept the dollar at unacceptable high levels. This, in turn, has led to further increases in imports and declines in exports and, as a result, higher unemployment. High interest rates have also produced international instability by luring capital from abroad, increasing the relative value of the dollar.

It might be more accurate to say money, rather than capital, has been attracted to the U. S. Capital is usually associated with investment; most of the money that has come into the U. S. from abroad in the last four years has come in search of higher short term returns than are available elsewhere. If the dollar weakens, this money could just as quickly leave, presenting the danger of even higher interest rates to meet the deficit financing needs of the federal government. Because of the deficit, the largest single factor in the U. S. money markets is the federal government.

The ever-increasing federal deficit continues to raise servicing costs, which now total well over $100 billion annually, and tend to keep interest rates high. Massive tax giveaways to the wealthy by the Reagan Administration have reduced federal revenues and will continue to increase the federal debt -- and the cost of servicing it -- for many years to come, even if there is a reversal in tax policy. High unemployment and the decline in the nation's industries add to the drop in federal tax revenues.

These factors, among others, relate to changes in the business cycle, as well as to the policy decisions of the Administration. They raise some serious questions

as to the durability and depth of the current recovery. The circumstances suggest the need for a guarded outlook on the direction the economy will take for the remainder of this year and into 1984.

Consumer spending for women's and children's apparel and accessories is unavoidably linked to the overall economic developments in the nation. Still, recent experience suggests that apparel sales have a certain degree of stability on their own.

Several factors account for this. First, recent downturns have been characterized by continuing high interest rates that tend to discourage spending on durable goods and shift consumer funds to items such as apparel. Second, unemployment, serious as it has been, has affected a limited sector of the population and consumers who are less affected by recession and career women have kept sales of feminine wear ahead, even during the official recession.

While some slowdown in the overall rate of economic growth can be expected for the rest of 1983, it is unlikely to have a major impact on spending on apparel. Consumers still have wardrobe gaps to fill and there seems to be an interest in more fashion oriented, dressier goods. The buying public also appears to have had its fill with the basic, conservative looks many retailers had stocked until recently.

The modest growth rate shown by apparel sales so far this year seems likely to continue. The unseasonably warm weather this fall has, to some extent, held back purchases of cold weather clothing. Retailers are no longer building inventories at the earlier pace and are adopting more conservative merchandising policies. This has affected orders to both domestic and foreign producers.

The major beneficiaries of increased demand for women's and children's wear will most likely be foreign producers. Retailers continue to search for greater markup and are turning more and more to private label goods made abroad. While some tightness in supply as a result of early retailer efforts to restock shelves and the fear that the government would impose import restraints led to better business for some domestic firms, this situation is likely to be temporary. As the situation clarifies, increasing amounts of work may be expected to flow abroad once again as heretofore.

Only a major change in government policies is likely to stem the long term decline in the domestic production of women's and children's wear and restore job opportunities for American workers.

APPENDIX

UNIT PRODUCTION AND NET VALUE OF SHIPMENTS, WOMEN'S AND CHILDREN'S GARMENTS

UNIT PRODUCTION (millions of garments)

PRODUCT	1966	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
WOMEN'S AND MISSES' GARMENTS												
Coats	27.7	25.2	24.6	22.4	23.2	22.2	20.1	20.6	20.6	19.4	16.1	13.4
Suits, other than pantsuits	11.6	6.7	7.4	7.5	8.8	11.0	11.4	10.8	10.5	9.8	7.9	7.1
Pantsuits	--	17.9	17.6	20.6	23.7	21.4	20.8	19.2	14.4	8.9	5.6	3.6
Jackets	13.3	20.5	27.0	29.0	23.4	26.9	28.1	24.9	29.1	37.6	49.2	50.1
Dresses	321.3	289.4	275.5	236.9	222.7	213.5	228.3	239.5	247.2	252.8	218.4	197.2
Blouses and waists	223.3	215.3	236.5	245.2	277.8	296.2	335.6	365.0	412.7	403.8	387.9	377.6
Knit sport shirts (a)	49.2	86.3	85.0	99.7	107.7	117.9	151.6	154.3	157.8	155.7	133.1	124.2
Sweaters	99.5	79.7	87.5	80.5	85.3	81.0	81.0	76.8	86.9	86.9	77.4	76.0
Skirts	131.1	66.2	64.7	57.9	63.7	64.9	68.8	78.0	79.6	87.3	111.1	110.2
Slacks	93.2	139.8	154.3	164.5	169.8	169.9	155.2	157.4	171.1	176.9	169.7	166.4
Dungarees and jeans	17.7	65.8	70.8	74.0	70.6	76.5	72.7	58.5	79.2	87.4	103.1	94.7
Playgarments (b)	49.3	33.5	33.0	29.8	30.6	29.4	29.7	31.4	31.4	28.1	26.8	33.2
Bathing suits	21.8	24.1	21.0	21.1	23.0	25.4	27.7	31.3	35.3	33.5	42.0	44.2
Raincoats	13.6	10.9	10.2	8.9	9.0	9.3	7.5	6.8	7.3	7.5	6.5	5.9
Washable service apparel	60.9	30.7	27.9	31.7	28.5	28.8	38.9	39.8	41.3	37.2	36.8	39.1
Corsets	96.2	66.2	58.7	52.4	53.3	51.8	53.1	49.2	47.5	48.1	48.5	43.7
Brassieres	250.5	236.7	232.0	201.9	187.5	207.1	209.6	206.5	216.1	216.4	217.1	184.6
Slips and petticoats	150.7	104.8	93.7	88.0	70.3	80.0	80.3	83.6	86.5	76.9	71.2	70.0
Panties	393.4	419.2	469.5	438.5	504.1	519.8	478.9	479.8	494.5	564.2	597.1	431.4
Nightgowns and pajamas	136.7	132.7	177.8	171.9	160.3	161.7	172.3	182.1	168.7	169.6	178.0	171.3
GIRLS', CHILDREN'S AND INFANTS' GARMENTS												
Coats	11.9	8.7	8.2	8.3	7.3	6.9	5.6	4.9	5.2	4.1	4.1	3.2
Jackets	7.0	6.0	7.1	7.6	7.9	7.6	7.4	6.5	6.3	7.1	8.1	7.5
Dresses	120.6	106.5	99.4	88.7	79.8	74.8	74.5	74.8	77.6	81.9	76.3	66.2
Blouses and waists	35.4	36.3	33.9	33.9	38.9	44.8	46.2	54.7	53.6	55.9	55.5	53.8
Knit sport shirts (a)	98.9	107.7	123.8	123.2	131.7	145.8	143.0	142.9	138.8	139.4	143.4	141.8
Sweaters	35.5	18.3	19.1	20.0	16.9	13.4	18.8	14.6	13.0	13.6	13.2	12.1
Skirts	17.5	8.5	9.4	7.4	6.6	7.3	5.9	8.5	9.0	10.4	7.6	7.2
Slacks and shorts	80.9	77.9	80.2	81.1	75.1	70.5	64.2	62.5	67.3	68.9	77.2	75.5
Dungarees and jeans	23.6	27.0	24.8	26.0	27.6	32.6	36.7	35.7	35.3	43.0	48.7	37.2
Playgarments (b)	168.8	120.2	121.9	118.5	108.2	110.5	109.4	133.9	129.6	127.4	109.6	108.6
Bathing suits	18.3	11.9	10.7	11.4	9.6	10.4	10.7	11.3	10.9	10.3	10.8	10.4
Raincoats	2.8	1.4	1.2	1.1	0.7	0.5	0.5	0.6	0.5	0.6	0.5	0.5
Slips and petticoats	30.5	14.1	10.7	7.6	7.8	6.2	5.5	5.8	6.7	6.7	6.6	6.1
Panties	192.0	222.1	190.2	179.7	181.0	194.9	169.2	172.6	177.0	177.4	169.1	156.9
Nightgowns and pajamas	97.6	107.3	102.0	105.5	96.9	88.8	96.2	103.0	98.1	104.0	96.2	94.0

VALUE OF SHIPMENTS (millions of dollars)

PRODUCT	1966	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
TOTAL	$ 8,656	$10,914	$11,770	$12,057	$12,719	$13,484	$14,688	$16,555	$18,228	$20,231	$21,576	$21,533
WOMEN'S OUTERWEAR												
Coats	672	611	610	663	631	645	630	707	814	773	701	628
Suits, other than pantsuits	246	169	178	184	226	249	338	338	330	329	312	326
Pantsuits	--	272	300	315	316	314	350	329	222	144	97	69
Jackets	73	168	241	301	245	300	342	382	517	741	1,028	1,034
Dresses	2,279	2,737	2,806	2,528	2,647	2,667	2,764	3,447	3,632	3,735	3,704	3,658
Blouses and waists	515	801	977	1,123	1,320	1,420	1,644	1,983	2,311	2,511	2,736	2,783
Knit sport shirts (a)	107	304	321	385	434	479	614	644	686	722	697	700
Sweaters	352	336	390	385	428	450	481	490	426	730	492	497
Skirts	485	308	328	300	372	399	435	593	697	867	1,122	1,184
Slacks	247	608	781	838	954	999	1,021	1,214	1,326	1,489	1,614	1,685
Dungarees and jeans	26	245	300	355	377	430	440	369	598	776	1,097	1,013
Playgarments (b)	142	117	128	107	95	94	105	109	113	150	148	187
Bathing suits	94	165	142	158	170	188	215	252	304	322	411	449
Raincoats	123	155	160	162	151	163	165	174	205	219	221	201
Washable service apparel	123	112	113	137	137	143	185	207	210	205	213	226
Other outerwear	350	491	516	548	569	584	773	893	984	1,089	1,159	1,163
CHILDREN'S OUTERWEAR												
Coats	75	95	88	95	82	78	63	53	61	60	61	49
Jackets	21	29	35	38	41	41	46	39	37	44	66	61
Dresses	320	354	373	346	343	337	350	366	422	483	484	482
Blouses and waists	50	67	68	78	92	105	123	157	170	191	226	231
Knit sport shirts (a)	84	142	170	190	207	246	258	287	315	375	436	447
Sweaters	70	48	52	55	49	48	65	57	66	65	62	61
Skirts	47	25	32	25	26	32	30	44	49	60	49	46
Slacks and playgarments (b)	247	372	407	449	449	476	471	529	565	659	699	725
Dungarees and jeans	33	52	62	69	88	102	126	127	141	190	213	206
Bathing suits	44	30	28	32	28	31	37	40	43	41	45	46
Raincoats	10	9	8	8	6	5	4	5	6	8	8	8
Other outerwear	140	186	197	215	221	243	245	265	292	339	365	367
INTIMATE APPAREL												
Corsets and brassieres	654	697	694	636	633	702	743	749	786	849	911	847
Undergarments	575	521	536	533	584	652	675	750	859	932	976	944
Nightwear	449	687	729	799	798	862	952	956	1,041	1,133	1,223	1,210

(a) Includes sweatshirts
(b) Includes Playsuits, shorts, pedal pushers, and other playgarments

SOURCE: U.S. Bureau of the Census data benchmarked to the 1972 Census of Manufactures